

August 12, 2016

Important Medical Plan Changes for 2017

Dear City of San José Employees,

This letter is the first in a series of communications to come regarding benefits for the 2017 plan year.

Following is important information regarding the medical plan offerings for 2017

Where we've been...

We have consistently had two providers for the last several years: Blue Shield and Kaiser. As Blue Shield rates have been rising, more and more employees have enrolled in Kaiser: over 80% of active employees.

Where we are now..... Kaiser is not available in all of the areas where employees and retirees live. Also, some employees may require specialty physicians or facilities that are not in the Kaiser network. The City recognizes the importance of offering choices in medical plans to attract and retain employees, so an RFP was conducted to try to find a solution. Very few providers were interested in the small population of non-Kaiser business, and Blue Shield's 2017 rates would increase approximately 12% for the HMO's and 33% for the PPO.

What are my options for 2017?

- Kaiser plans will remain the same with a rate increase of approximately 5% as well as expansion to Santa Cruz.
- Blue Shield HMO plans will be replaced by Sutter Health Plus \$20 co-pay HMO and \$1,500 deductible plans with rates competitive with Kaiser's.
- Blue Shield PPO will be self-funded by the City and rates will increase approximately 7% instead of 33% if it remained a fully-insured plan.

Is my current Blue Shield HMO Provider a Sutter Health Plus provider?

The City completed an analysis and found that many members in a Blue Shield HMO currently have a Sutter Health Plus provider. Remaining employees would either change to Sutter Health Plus (lower rates) or Kaiser (lower rates) or enroll in the Blue Shield PPO (higher rates than 2016 but much lower than the fully insured PPO). Here is a link to the Sutter Health Plus Provider search tool:

<http://www.sutterhealthplus.org/providersearch>

What are the Premium Rates for 2017?

Premium rates for all of the 2017 medical plans are being finalized with the providers and will be posted on the Benefits website in the coming weeks.

How can I find out more information before Open Enrollment for 2017 begins on October 24, 2016?

HR's employee communication plan includes several informational sessions, conducted by HR and Sutter, in advance of the October open enrollment season. Also, upcoming payroll flyers will be issued to announce future sessions along with additional open enrollment benefit information.

Thank you,

Your Human Resources Benefits Team

Approved for Posting by the Director of Human Resources